

**SOUTH DAKOTA INVESTMENT COUNCIL  
CASH FLOW PORTFOLIO  
INCOME PRORATION**

**AUDIT REPORT**

**Fiscal Year Ended June 30, 2007**



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

## INDEPENDENT ACCOUNTANT'S REPORT

Executive Board  
Legislative Research Council

and

Investment Council  
State of South Dakota

and

Bureau of Finance and Management  
State of South Dakota

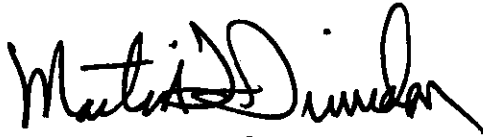
We have examined management's assertion that the accompanying Schedule of Income Proration for the South Dakota Cash Flow Portfolio for the fiscal year ended June 30, 2007 is presented in accordance with the criteria set forth in paragraph three. This schedule is the responsibility of the Bureau of Finance and Management. Our responsibility is to express an opinion on this schedule based on our examination. We have audited the financial statements of the South Dakota Cash Flow Portfolio for the fiscal year ended June 30, 2007, and have issued our report thereon dated September 28, 2007.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accounts and, accordingly, included examining, on a test basis, evidence supporting the Bureau of Finance and Management's Schedule of Income Proration and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion

The method for prorating the investment income earned by the South Dakota Cash Flow Portfolio is defined in South Dakota Codified Law 4-5-30. This law requires the State Investment Officer to use the facilities of the state accounting system for determining the amount of income to credit each fund on a prorata basis in the same ratio that the average daily cash balance of each fund bears to the total average daily cash balance of all funds. The State Investment Officer determines the amount of investment earnings to be distributed and the Bureau of Finance and Management obtains approval from the Appropriations Committee of the Legislature of the listing of funds that will participate in the earnings distribution and determines the distribution to the individual funds.

In our opinion, the Schedule of Income Proration referred to above presents fairly, in all material respects, the investment income credited to the various participating state funds for the fiscal year ended June 30, 2007 in compliance with the method indicated in the preceding paragraph.

This report is intended solely for the information and use of management and members of the South Dakota Legislature and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to read "Martin L. Guindon". The signature is stylized with a large, looped "M" and a long, sweeping "G".

Martin L. Guindon, CPA  
Auditor General

September 28, 2007

**SOUTH DAKOTA CASH FLOW PORTFOLIO**  
**SCHEDULE OF INCOME PRORATION**  
**For the Fiscal Year Ended June 30, 2007**

<b>Fund</b>	<b>STATE ORGANIZATION Fund Description</b>	<b>Net Proration Amount</b>
<b>DEPARTMENT OF AGRICULTURE</b>		
3002	Wheat Commission	\$ 37,616.44
3050	Agricultural Services Revolving	77,058.10
3052	Rural Rehabilitation	237,676.48
3053	American Dairy Association	20,725.90
3054	Oilseeds/Soybean Fund	113,620.33
3055	Corn Utilization Council	127,224.14
3057	Brand Board	59,669.69
3063	Pesticide Recycling and Disposal	75,079.05
3151	Livestock Disease Emergency	66,490.85
6503	Veterinary Medical Examiners	1,402.58
6503	Veterinary Board Reserve	1,757.88
6507	Rodent Control	12,399.43
6515	State Fair Board	8,674.66
	Total Department of Agriculture	<u>839,395.53</u>
<b>OFFICE OF ATTORNEY GENERAL</b>		
3000	Attorney General-Other	31,688.31
8302	Antitrust Litigation	18,473.50
	Total Office of Attorney General	<u>50,161.81</u>
<b>BUILDING AUTHORITY</b>		
6013	Building Authority	<u>686,868.01</u>
<b>BUREAU OF ADMINISTRATION</b>		
3007	Special Revenue Fund	94,735.25
3029	Extraordinary Litigation Fund	16,452.91
6003	Records Management	7,532.49
6004	Buildings and Grounds	11,259.26
6005	Central Mail Services	12,874.85
6006	Central Supply	11,375.77
6007	Central Duplicating	20,495.17
6008	Fleet and Travel Management	67,463.32
6015	Purchasing & Printing	5,297.91
6016	State Engineer	23,056.44
6019	Support Services	5,972.58
6511	Federal Surplus Property	13,363.93
8315	Public Entity Liability Pool	460,676.88
	Total Bureau of Administration	<u>750,556.76</u>
<b>BUREAU OF FINANCE AND MANAGEMENT</b>		
6010	Central Accounting and Payroll Systems	279,116.82
9220	Cement Plant	79,898.00
	Total Bureau of Finance and Management	<u>359,014.82</u>

**SOUTH DAKOTA CASH FLOW PORTFOLIO**  
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**For the Fiscal Year Ended June 30, 2007**

<b>Fund</b>	<b>STATE ORGANIZATION Fund Description</b>	<b>Net Proration Amount</b>
<b>BUREAU OF INFORMATION AND TELECOMMUNICATIONS</b>		
6001	Information Services	19,198.84
6002	Telecommunications	78,852.90
6011	Rural Development Telecommunications Network	12,172.58
	Total Bureau of Information and Telecommunications	<u>110,224.32</u>
<b>BUREAU OF PERSONNEL</b>		
3035	Insurance Administration	1,272,028.60
6009	Personnel-Labor/Management	21,558.54
6521	Risk Pool	259,171.91
8000	Lincoln Mutual	1,014.79
8301	Unemployment Compensation	6,237.08
	Total Bureau of Personnel	<u>1,560,010.92</u>
<b>DEPARTMENT OF CORRECTIONS</b>		
2021	Corrections - Federal	35,076.78
3011	Corrections-Other	23,267.92
5008	Inmate Funds	1,580.97
6504	Pheasantland Industries	79,517.64
	Total Department Of Corrections	<u>139,443.31</u>
<b>DEPARTMENT OF EDUCATION</b>		
3138	Hagen-Harvey Scholarship Program	35,473.29
8501	Vocational Education Facilities Fund	63,957.84
	Total Department of Education	<u>99,431.13</u>
<b>DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES</b>		
3072	Environment and Natural Resources-Other Funds	465,836.42
3073	Water Facilities Construction	473,335.34
8000	Environmental Impact Studies	9.72
	Total Department of Environment and Natural Resources	<u>939,181.48</u>
<b>DEPARTMENT OF GAME, FISH AND PARKS</b>		
2029	Game Fish and Parks (Federal)	305,629.12
3122	Game and Fish Fund	725,400.83
3123	Predator Animal Control	19,986.24
3124	Land Acquisition Fund	916.43
3125	Custer State Park	56,431.64
3125	Custer State Park Improvement Fund	93,393.47
3125	Homestake Mining Company Natural Resource Recovery Fund	17,560.03
3126	Snowmobile Trails Fund	64,726.62
	Total Department of Game, Fish and Parks	<u>1,284,044.38</u>

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**For the Fiscal Year Ended June 30, 2007**

<b>Fund</b>	<b>STATE ORGANIZATION Fund Description</b>	<b>Net Proration Amount</b>
<b>GOVERNOR'S OFFICE</b>		
3015	Private Activity Bond Fund	49,267.39
<b>DEPARTMENT OF HEALTH</b>		
3049	Tobacco Prevention & Reduction	37,719.48
6018	Health Internal Service Fund	41,701.97
6503	Chiropractic Board	4,341.18
6503	Board of Dentistry	20,549.22
6503	Board of Hearing Aids	1,715.88
6503	Funeral Board	1,114.15
6503	Board of Medical and Osteopathic Examiners	26,640.99
6503	Board of Massage Therapy	374.08
6503	Board of Nursing	16,637.55
6503	Board of Nursing-Colleague In Caring	206.04
6503	Board of Nursing-LPN	505.34
6503	Board of Nursing-RN	2,038.94
6503	Center For Nursing	3,408.08
6503	Nursing Tuition Reimbursement	51.38
6503	Health Professionals Recruitment 2003	454.86
6503	Health Professionals Recruitment 2004	2,852.39
6503	DOH	6,523.64
6503	Nursing Home Administrators	4,919.43
6503	Optometry Board	1,200.93
6503	Board of Pharmacy	24,538.98
6503	Podiatry Examiners	1,996.13
	Total Department of Health	199,490.64
<b>DEPARTMENT OF HUMAN SERVICES</b>		
5016	Resident Investment Funds	5,080.52
6503	Counseling Board	3,281.04
6503	Board of Psychology Examiners	3,369.48
6503	Board of Social Work Examiners	1,589.70
6503	Board for Alcohol and Drug Professionals	7,514.31
6508	Department of Human Services Enterprises	3,711.63
8314	Set-Aside Funds	3,061.03
	Total Department of Human Services	27,607.71
<b>BOARD OF REGENTS</b>		
3085	Higher Education Facilities Fund	261,336.63
8602	Higher Education Scholarships	2,656.95
9026	Tuition and Fees Fund	572,416.34
9041	Other Budgeted-Regents	77,630.25
	Total Board of Regents	914,040.17

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<b>Fund</b>	<b>STATE ORGANIZATION Fund Description</b>	<b>Net Proration Amount</b>
<b>BLACK HILLS STATE UNIVERSITY</b>		
9004	Project 67 Bond and Interest	74,685.09
9005	Project 67 Renewal and Replacement	146,438.10
9054	BHSU-SPL	156.29
9062	Investment	87,886.10
	Total Black Hills State University	<u>309,165.58</u>
<b>DAKOTA STATE UNIVERSITY</b>		
9006	Real Property Acquisition	621.92
9007	Revenue Bond and Interest	8,962.12
9008	Deferred Maintenance	512.34
9009	Maintenance and Repair	21,631.37
9056	DSU-SPL	30.16
9063	Investment	11,956.23
	Total Dakota State University	<u>43,714.14</u>
<b>NORTHERN STATE UNIVERSITY</b>		
9032	Building Projects	89,554.12
9053	NSU-SPL	162.19
9061	Investment	45,238.27
	Total Northern State University	<u>134,954.58</u>
<b>SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED</b>		
3107	Visually Impaired (Other)	<u>1,892.95</u>
<b>SCHOOL FOR THE DEAF</b>		
3032	Gifts	28,724.62
5020	Investment	206.46
	Total School for The Deaf	<u>28,931.08</u>
<b>SCHOOL OF MINES AND TECHNOLOGY</b>		
9001	Housing and Auxiliary Facilities Sinking	32,314.52
9002	Housing and Auxiliary Facilities Renewal and Replacement	24,837.41
9040	SDSM&T-SPL	64.81
9060	Investment	12,458.49
	Total School of Mines and Technology	<u>69,675.23</u>

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<b>Fund</b>	<b>STATE ORGANIZATION Fund Description</b>	<b>Net Proration Amount</b>
<b>SOUTH DAKOTA STATE UNIVERSITY</b>		
9010	System Retirement Sinking	3,897.68
9011	Debt Service Reserve Consolidation	4,725.19
9014	College Housing 61 Debt Service Reserve	0.44
9015	College Housing 61 Renewal and Replacement Reserve	7,489.90
9018	College Housing 80 Renewal and Replacement Reserve	41,840.37
9019	College Housing 80 Operating Reserve	11,459.91
9020	Renewal & Replacement Reserve Consolidated	504,882.87
9021	Renewal & Replacement Reserve (Food Service)	6,028.79
9048	SDSU-SPL	404.49
9049	Agriculture Experiment Station-SPL	684.63
9064	Investment	242,597.48
	Total South Dakota State University	<u>824,011.75</u>
<b>UNIVERSITY OF SOUTH DAKOTA</b>		
9022	Local Renewal and Replacement	76,144.26
9023	Consolidated Project Reserve	(3,021.82)
9024	Old Main Debt Service	29,483.79
9025	Resident Life/Coyote Student Center	657,254.24
9050	USD-SPL	135.07
9065	Investment	213,708.94
	Total University of South Dakota	<u>973,704.48</u>
<b>DEPARTMENT OF LABOR</b>		
3030	Employment Security Contingency	3,684.74
8304	Labor-Other	15,981.31
6503	Board of Accountancy	12,845.00
6503	Board of Barber Examiners	474.71
6503	Cosmetology Commission	2,414.65
6503	Plumbing Commission	12,568.08
6503	Board of Technical Professions	7,691.05
6503	Electrical Commission	40,631.96
	Total Department of Labor	<u>96,291.50</u>
<b>DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS</b>		
3021	Veterans' Home L&E	22,878.65
3022	Veterans' Home Capital Fund	10.20
3147	National Guard Museum	5,977.19
3149	Veteran's Funds	4,365.66
5017	Veteran's Home Resident Agency Fund	8,235.63
	Total Department of Military and Veterans' Affairs	<u>41,467.33</u>



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<b>Fund</b>	<b>STATE ORGANIZATION Fund Description</b>	<b>Net Proration Amount</b>
<b>DEPARTMENT OF PUBLIC SAFETY</b>		
3184	Motorcycle Education/Appraiser	6,467.19
6022	Public Safety Internal Service	7,074.59
	Total Department of Public Safety	<u>13,541.78</u>
<b>PUBLIC UTILITIES COMMISSION</b>		
2016	Public Utilities Commission - Federal	1,525.99
3014	Public Utilities Commission - Other Budgeted	5,321.78
3128	Public Utilities Commission - Other Informational	111,800.01
8316	Public Utilities Commission Hearing	(2,600.69)
	Total Public Utilities Commission	<u>116,047.09</u>
<b>SOUTH DAKOTA RETIREMENT SYSTEM</b>		
3090	Supplemental Retirement Administration	6,332.75
8000	Supplemental Retirement Contributions	667.96
8000	Regents Supplemental Retirement Contributions	1,454.66
8000	Political Subdivision Supplemental Retirement Contributions	151.70
8000	Special Pay Plan - State	163.06
8000	Special Pay Plan - Regents	1,470.80
8000	Special Pay Plan - Political Subdivision	(25.28)
8901	Retirement System	382,572.14
	Total South Dakota Retirement System	<u>392,787.79</u>
<b>DEPARTMENT OF REVENUE AND REGULATION</b>		
3036	Petroleum Release Compensation	242,477.06
3037	Gaming Commission Fund	67,887.92
3038	Tax Relief Fund	5,733.01
3076	Revenue (Other Budgeted)	30,629.07
3177	Motor Vehicle Fund	92,588.18
3183	Insurance and Securities	148,090.12
3185	South Dakota Bred Racing Fund	37,343.77
6516	Lottery Operating Fund	482,887.90
6520	Revenue and Regulation Enterprise	141,991.99
8000	Titles and Registration	432,614.25
8000	Motor Fuel Tax	552,556.77
8000	Fees, Licenses and Permits-Agency Pass-through	429.57
	Total Department of Revenue and Regulation	<u>2,235,229.61</u>
<b>DEPARTMENT OF SCHOOL &amp; PUBLIC LANDS</b>		
3001	Other Special Revenue	<u>7,328.91</u>

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<b>Fund</b>	<b>STATE ORGANIZATION Fund Description</b>	<b>Net Proration Amount</b>
<b>SECRETARY OF STATE</b>		
2007	Secretary of State Federal	<u>521,281.66</u>
<b>DEPARTMENT OF SOCIAL SERVICES</b>		
3079	Local Donated	42,291.88
8000	Child Support Pass Through	13,877.74
8313	Child's Own	5,445.25
8328	Community Based Education	<u>17,207.49</u>
	Total Department of Social Services	<u>78,822.36</u>
<b>DEPARTMENT OF TOURISM &amp; STATE DEVELOPMENT</b>		
3006	Tourism - Other	33,020.28
3016	Future Fund	681,857.09
3145	Historical Preservation Grant & Loan	15,807.13
3178	Energy Conservation Fund	392,980.77
6510	Tourism & Development Enterprise	1,744,826.19
6518	South Dakota Authorities	<u>1,376,809.56</u>
	Total Department of Tourism & State Development	<u>4,245,301.02</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
2033	Transportation Federal	406,484.49
3040	Transportation Highway Fund	535,580.86
3041	Aeronautics	265,930.78
3042	Railroad	115,245.90
3043	Public Transit	173,294.99
3044	Railroad Trust	932,429.80
6012	Aircraft Operations & Maintenance	2,734.66
6517	Railroad Authority Fund	<u>201,349.19</u>
	Total Department of Transportation	<u>2,633,050.67</u>
<b>UNIFIED JUDICIAL SYSTEM</b>		
3012	Other Funds	64,197.21
8303	Drug Screening	<u>432.30</u>
	Total Unified Judicial System	<u>64,629.51</u>
<b>STATE TREASURER</b>		
1000	State General Fund	1,271,368.25
3062	Special Revenue Funds	43.94
	Distributed to General Fund in FY07	<u>12,369,539.31</u>
	Total State Treasurer	<u>13,640,951.50</u>
<b>TOTAL DISTRIBUTION OF NET RECEIPTS</b>		<u><u>\$ 34,481,518.90</u></u>